

# **THE LEONARD LETTER**

*November 7, 2005*

## **QUOTE OF THE WEEK**

*"It is seldom that liberty of any kind is lost all at once."*

*--- David Hume (1711-1776) Scottish philosopher, historian and economist*

### **\*\*\*Thank A Veteran\*\*\***

My dad, my brother Fred, and my friend Matt Rexroad served our country in three different times in American history in three different branches of the U.S. military. They sacrificed much to do their duty. They carried out their missions with honor and dignity upholding the best of American traditions and spreading American ideals in foreign places. Thanks Dad, Fred, and Matt for your service. You honored your country.

My thanks to all who have served this nation. God bless you all.

## **AROUND THE STATE**

### **\*\*\*Emergency Kudos to SF\*\*\***

The lessons to be learned by the hurricanes, floods and earthquakes of recent months are many, but there is one that should be clear to everyone at this point: you cannot count on the government to come help you immediately following a disaster. Therefore, you must be prepared to care for yourself and your family for several days after an emergency. Most experts recommend that you be ready for 72-hours on your own. My take on the news is that three days is the minimum to be prepared for—it is wiser to be ready for at least a week on your own. I commend the city of San Francisco Office of Emergency Services for their outstanding website to help their residents prepare: <http://www.72hours.org>. The easy-to-navigate site helps you learn about different types of emergencies, how to prepare to-go kits if you have to evacuate, or if you are away from home when disaster hits, how to care for pets and much more.

## **ISSUE FOCUS**

### **\*\*\*School Governance\*\*\***

The new Mayor of Los Angeles, Antonio Villaraigosa, has announced his interest in getting LA schools to do a better job. Right on, Mr. Mayor! I know a previous Mayor, Dick Riordan, also made this a priority and I commend both of their efforts. Fifty some years ago the state made a major policy change in school governance. Up until the 1950s, schools were governed not by boards of education but by mayors and city councils. It is now clear that it was a mistake to set up the single purpose government entity called a school district.

Cities have a tremendous stake in the academic success of their schools. Just as the city leadership influences a city's success by the infrastructure they build and by the proper use of their planning and zoning powers, city leadership used to be able to control the quality of their schools. These powers should be restored so that the electorate can focus on the leadership of their entire community by their votes for mayor and council.

## **UPS May Open Your Packages**

UPS, the world's largest shipping carrier, announced that it will no longer deliver cigarettes to persons in the United States. Apparently, they were pressured into agreeing to this policy by New York State's arch-liberal Attorney General Eliot Spitzer.

State tax collectors are thrilled because so many smokers have been buying out-of-state cigarettes in low-tax states, or from Indian tribes, in order to avoid paying any taxes in high-tax states. 29 states have a lower tax on cigarettes than California's 87-cent-per-pack tax. However, I am concerned about this new UPS policy.

First, smokers can still buy out-of-state cigarettes and have them shipped by the U.S. Postal Service. States have no authority to force the Postal Service to collect state cigarette taxes. Thus, the net effect of this new UPS policy is to force cigarette-buyers to use the Postal Service (which pays no taxes at all) instead of UPS (which pays billions in local, state, and federal taxes).

Second, how will this be enforced? To make certain that UPS is abiding by this agreement, will state employees open random UPS packages to look for cigarettes? Will UPS itself search all packages for tobacco products? What about the privacy rights of the people using UPS?

Third, the United States Constitution was largely inspired by the desire to promote unrestricted interstate commerce. The Annapolis Conference of 1786, which led directly to the Constitutional Convention, was called for that reason. Now, despite record-breaking revenues in most states, we are erecting a new barrier to interstate commerce. This time, the victims are cigarette smokers, so no one seems to care. This is a mistake.

We should not ignore the precedent set by the insidious state government harassment that led to this new UPS policy, no matter who the victims are.

## **\*\*\*International Taxes\*\*\***

It does not escape Americans that immigrants from Mexico, either legal or illegal, simply want a better life in the United States. A recent poll found that 47 percent of the adult population in Mexico would like to migrate to the U.S. In the September/October California Political Review, Bill Mundell sheds more light on this from a tax perspective. One likely cause is that Mexico punishes its poorest workers with confiscatory tax rates. According to Mundell, who cites the August 2005 Journal of Polyconomics, Mexico's top tax rate of 33 percent kicks in at about \$20,000 per year. Our top rate of 39 percent does not kick in until an income level of \$264,000. Mexican workers who only earn about \$4,000 a year pay 10 percent income taxes; those earning around \$7,000 pay a whopping 25 percent. This is on top of state and local taxes, plus a federal VAT tax of 15%! Closing the border may be one solution, but perhaps we should be insisting that Mexican legislators learn about the transformative power of lower and flatter taxes.

Another note – I was pleased to read, according to the World Bank, that as of August 2005, new business registrations in Iraq have topped 30,000; this figure does not include the number of start-ups that ignore the registration rules. It would be an economic milestone of the highest order if the economy of the new Iraq passes Mexico.

## **MISCELLANY**

### **\*\*\*A Good Read\*\*\***

Say the word “immigration” these days and a heated discussion is likely to break out. Californians are angry about illegal immigration and the negative impacts it is having on our quality of life. That anger fuels talk shows, rallies and even ballot measures. For a thoughtful look at the subject of immigration, I recommend “Assimilation American Style” by Peter D. Salins. The book explores waves of emigrants to the U.S. and describes how newcomers to our shores come to call themselves American. Salins walks through the aspects of American culture, myth and religion that help create our national identity, and he explains how all of that came under attack during the civil rights movement of last century. The weakening of those cultural unifiers and the embrace of group rights has thus affected how recent immigrants assimilate into the U.S. A particularly compelling chapter of the book discusses the “antiassimilationism” of black and Hispanic activists and concludes that their products (multiculturalism on college campuses, bilingual education, Afrocentric studies, foundation-sponsored diversity programs and government-sponsored affirmative action) are bad because “They make ethnicity a primary civic criterion in a country whose happiness depends on ethnicity being insignificant.” Noting that the U.S. is about the only country in the world to base its national identity on something other than shared ethnicity, he urges a revival of assimilation for all. Salins offers substantive food for thought as we discuss the impacts of immigration in California.

## **BOE AND LEGISLATIVE DATES**

**November 8, 2005** --- Statewide special election.

**November 11, 2005** --- Veterans' Day.

**November 15-16, 2005** --- BOE meets in Sacramento.

**November 24, 2005** --- Thanksgiving Day.

**December 13-14, 2005** --- BOE meets in Sacramento.

**December 25, 2005** --- Christmas Day.

## **NOTABLE DATES/ HISTORY**

**November 7, 1805** --- Lewis and Clark first sighted the Pacific Ocean.

**November 7, 1876** --- Birthdate of Culbert Olson, Governor of California 1939-1943.

**November 7, 1917** --- The October Revolution (Oct 26 OS) occurred in Russia with Lenin seizing power for the Communists.

**November 8, 1966** --- Ronald Reagan was elected Governor of California.

**November 9, 1989** --- The Berlin Wall was opened for the first time in 28 years.

**November 10, 1908** --- The first Gideon Bible was put in a hotel room.

**November 11, 1620** --- 41 pilgrims landed in Massachusetts and signed the Mayflower Compact.

**November 11, 1647** --- Massachusetts passed the first U.S. compulsory school attendance law.

**November 12, 1936** --- Oakland's Bay Bridge opened.

**November 12, 1981** --- The Oakland A's Billy Martin was named American League Manager of the Year.

**November 13, 1789** --- Ben Franklin wrote "Nothing . . . certain but death & taxes."

## **GENERAL TAX INFORMATION**

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115  
TDD service for the hearing impaired  
TDD phones: 800-735-2929  
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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